



Press Release

Paris, 16 February 2023

2022 Full Year revenues

Significant rise in total revenues, up by 17%
Record revenues from catalogue title sales, up by 72%
Group Operating Earnings in excess of €46 million
9 new series launched in production

Xilam Animation (Code ISIN: FR0004034072, Symbol: XIL), the independent animation program production and distribution company, announces its revenues for the fiscal year ending 31 December 2022.

Marc du Pontavice, Chairman and CEO of Xilam, stated: *“This 2022 financial year confirms the strength of the Xilam model, which is now founded on three pillars: the creativity of the studio, which enables it to build up its attractiveness year after year with original creations that are set to become its franchises in the future. The production capacity of the studio and the wealth of talent it employs which has enabled it to launch a record number of new productions this year. Xilam has thus become a standard-bearer for the major clients who have shifted their demand toward ‘premium’ servicing that bolster the company’s know-how in new market segments (notably the adult segment), thereby opening up new avenues for growth. Lastly the performance of the catalogue, which has registered a new record in sales this year driven in large part by the main franchises. Xilam is therefore highly confident in its ability to grasp new growth opportunities in a buoyant environment.”*

('000 euros)	31.12.2022 ⁽¹⁾	31.12.2021	% variation
Sales of new productions and developments	24,783	20,365	+22%
New Production subsidies ⁽²⁾	5,404	8,670	-38%
Total new production and development products	30,187	29,035	+4%
Total catalogue products	11,054	6,422	+72%
Other revenues	262	136	+91%
Total revenues and other income	41,502	35,593	+17%
Other subsidies and current operating income (including CIA) ⁽³⁾	4,753	4,646	+2%
Total operating revenues	46,255	40,240	+15%

⁽¹⁾ Unaudited data

⁽²⁾ excluding audiovisual tax credit

⁽³⁾ including an estimate of the audiovisual tax credit



Total revenues and other income is up by 17% in 2022, and by 34% excluding subsidies

This increase is due primarily to the strong growth in new productions (+22%), which is all the more remarkable as it comes on an already high base (+91% growth from 2020 to 2021).

Among these new productions, the high level of servicing, reaching €12.8M as a result of the group's successful positioning towards the major international streaming platforms. This model delivered benefits on three fronts, contributing to the growth of Xilam, generating a virtuous circle of cash flow generation, and lastly supporting the group's profitability. Servicing represents 27% of the total operating revenues in 2022 and should maintain a share of 30% total revenues in the medium term.

Turnover from proprietary productions amounts to €12M. During fiscal year 2022, the delivery of episodes has been centred around the final episodes of the *Oggy and the Cockroaches- Next Gen* series broadcast on Gulli in France and on Netflix worldwide, *Pffirates* on TF1, *Karate Sheep* (formerly *Trico*) on Netflix, *Mr Magoo 2* on France Télévision and ITV (in the UK), as well as season 5 of *Kaeloo* on Canal+.

Subsidies were down on the previous year at €5.4M owing to the increased share of servicing in the yearly revenues, as such servicing does not generate any subsidies.

Catalogue sales reach new record at €11.1M, up by 72%

Catalogue sales are up drastically (+72%), reaching a new high at €11.1M. This increase is due primarily to the three Xilam banner franchises *Oggy and the Cockroaches*, *Zig* and *Shako*, and to a lesser degree *Chicky* (a legacy from the Cube catalogue). The power of those group franchises anchors the future of the catalogue, whilst giving it a fresh dynamic. It further vindicates Xilam's strategy of pursuing a proprietary model, stimulating its renewal with regular releases of new seasons and the exploration of new creations.

Total operating revenues up by 15% at €46.3M

After taking other current operating income (of which the audiovisual tax credit) into account, all of which amounted to €4.8M (+2%), total operating revenues amounted to €46.3M, a 15% year on year increase, establishing a new business record for the group, and demonstrate the adaptability of its offer in the face of a changing market, as well as its ability to seize opportunities for growth.

The fiscal year also confirmed Xilam's strong presence internationally (78% of sales) and on streaming platforms (66% of sales).

Xilam confirms its leader status with 13 series under production, of which 9 were launched in the year 2022 alone

The yearly volume of production expenses is a reliable leading indicator that signals growth in the business for the years to come. Direct spending on production being financed over 100% by early sales, this indicator would indeed reflect the coming increase in the company's revenues, as they will be recorded in the accounts upon delivery of the programmes associated with these expenses.

These yearly expenses have increased by 12.5% in 2022, to €35.1M, an increase that is all the more remarkable as it is primarily a growth in value rather than an increase in volume, reflecting Xilam's ability to get the largest budgets on the market from major clients. Among the 13 series under production, 9 were launched in 2022, cementing Xilam's place as a leader in the European market. This achievement is the fruit of the exceptional artistic and technical adaptability of the whole group, which allows it to take on all genres and to address an extremely wide range of target audiences.



As relates to the adult-teenage segment, Xilam has launched the production of *The Doomies* series (22 half hours), a horror-comedy created within the studios commissioned by the Disney+ platform, as well as an important adult series (9 half-hours) commissioned by Netflix and created by a household Hollywood name.

In the family segment, the group launched the second season of *Chip 'n Dale*, an 18 half-hours format commissioned by Disney+, the *Seven Bears* series (13 CGI half-hours) commissioned by Folivari and Netflix, as well as the fourth season of the *Athleticus* series (30 CGI episodes of 4 minutes each) broadcast by Arte.

Finally, for children, Xilam has launched the production of four new series: the fourth season of *Zig and Sharko*, broadcast by the M6-Gulli group (26 half-hours), the fifth season of *Kaeloo* for Canal+, the second season of *Les Contes de Lupin* for France Télévision (26 half-hours), as well as a new original creation called *Buddybot*, again for France Télévision (26 half-hours).

Trends in the market favour catalogues with strong franchises

In a market where broadcasters (TV and streaming platforms) are pitted against each other in fierce competition, operators tend to focus their investments in catalogue on major franchises to secure their audiences. The Xilam catalogue draws full advantage from this trend, as the group has constantly proven its ability to refresh and renew its best-selling franchises. As a testimony to this trend, its three main titles (*Oggy and the Cockroaches*, *Zig and Sharko*, *Chicky*) account for almost three quarters of the growth of the catalogue this year. This also allowed the group to reach a new level of catalogue sales, which is now over €10M in annual revenues. The other titles, for their part, display a less rapid growth profile, even though the AVOD segment should witness renewed growth, as most of the traffic is generated through catalogue titles.

This market evolution therefore requires a review of the value of the titles in the catalogue, which is currently underway, and whose conclusions will be integrated into the 2022 financial statements. Bearing in mind that, in application of accounting standards, titles that are gaining in strength cannot be revalued, while those with less visibility must be depreciated, only the depreciations will be recorded in the accounts. As a consequence of such valuation changes, the operating earnings for 2022 may be affected exceptionally. The level of such discounts, which will be announced during the presentation of the annual earnings for 2022, on March 30, will have no consequence on the group cash flow.

Readers are reminded that the accounting valuation exercise does not undermine the economic value of the catalogue, as demonstrated by the record level of sales generated in 2022, or the business model of the group, whose profitability is guaranteed both by the recurring income stream from catalogue sales and by the improving margins in original production cycles performed as a service to the major streaming platforms.

Objectives and outlook:

In a high-growth environment bolstered by record investments on the part of digital platforms, Xilam intends to continue on its growth cycle and, in line with the Ambition 2026 plan, is on a path to double its revenues¹ to about €80M within this timeframe.

Agenda

Publication of annual results 2022: 30 March 2023 (after market closure).

¹ Total operating revenues



About Xilam

As a major player in the animation industry, Xilam is an integrated studio founded in 1999 that creates, produces and distributes original programmes in more than 190 countries for children and adults, broadcast on television and on SVoD (Netflix, Disney+, Amazon, etc.) and AVoD (YouTube, Facebook, etc.) platforms. With a global reputation for creativity and its capacity for innovation, an editorial and commercial expertise at the forefront of its industry, Xilam is positioned as a key player in a fast-growing market. Each year, Xilam, builds on its real successes and capitalises on powerful historical brands (*Oggy and the Cockroaches*, *Zig & Sharko*, *Chicky*, etc.) and new brands (*Oggy Oggy* in the pre-school sector, *Mr. Magoo*, *Karate Sheep*, etc.) which are consolidating and expanding a significant catalogue of more than 2,700 episodes and 3 feature films including the Oscar-nominated *I Lost My Body*. Xilam has unique GCI skills. Xilam employs more than 600 people, including 400 artists, across its studios in Paris, Lyon, Angoulême and Hô-Chi-Minh in Vietnam. Xilam is listed on Euronext Paris Compartment B - PEA - SRD long Eligibility.

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